

MONTANA LEGISLATIVE HISTORY

Chapter 500 1977

Bill H 228 S _____ Original bill & history C

H. Committee on Taxation

Hearing Date(s) Feb 14 ☒ C

Feb 15 ☒ C

_____ ☐ C

_____ ☐ C

Date Out Feb 15 ☒ C

S. Committee on Taxation

Hearing Date(s) Apr 13 ☒ C

Apr 14 ☒ C

_____ ☐ C

_____ ☐ C

Apr 14 ☒ C

Did this bill originate in an interim committee? Yes No

Committee _____

Report _____

1 *House* BILL NO. *728*
2 INTRODUCED BY *Vincent, Chairman*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN
5 INCOME TAX EXEMPTION FOR PARENTS OF A CHILD WITH A
6 HANDICAP."
7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
9 Section 1. There is a new R.C.M. section numbered
10 84-4910-1 that reads as follows:
11 84-4910.1. Additional exemption for a child with
12 handicap. (1) In lieu of the exemption in 84-4910(3)(e), an
13 exemption of \$1,000 shall be allowed for taxable years
14 beginning after December 31, 1976, for each child with a
15 handicap.
16 (2) In order to be eligible for the exemption, a child
17 with a handicap must, for the taxable year of the taxpayer,
18 have as his principal place of abode the home of the
19 taxpayer.
20 (3) For the purposes of this section the term "child
21 with a handicap" means a child who is:
22 (a) developmentally disabled as defined in 38-1202(4);
23 (b) a victim of polio;
24 (c) a victim of muscular dystrophy;
25 (d) blind;

1 (e) deaf;
2 (f) physically malformed; or
3 (g) afflicted with any other condition which impairs
4 the child's physical or mental capacity as certified by a
5 licensed physician.

-End-

INTRODUCED BILL

-2-

HB 728

STATE OF MONTANA

REQUEST NO. 472-77

FISCAL NOTE

Form BD-15

In compliance with a written request received February 10, 19 77, there is hereby submitted a Fiscal Note on House Bill 728 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This bill provides for an income tax exemption for parents of a child with a handicap.

ASSUMPTIONS

1. The Department of Revenue income tax projections of \$123.732M in FY 78 and \$140.093M in FY 79 were assumed correct.
2. The effect would be to increase the exemption \$350 for children that are handicapped. The reduction in tax revenues would equal \$350 x the tax rate x the number of handicapped children.
3. The tax rate would be between 3.5 and 5%.
4. The number of handicapped children is approximately 6,000. (2% of population < 19 years old).
5. Administrative costs would remain unchanged.

FISCAL IMPACT

Income tax revenues will decline by \$73,500-\$105,000 each fiscal year this act is in effect. This is less than 0.09%.

TECHNICAL NOTE

This bill should become effective upon passage and approval. This accommodates those taxpayers with short tax years.

PREPARED BY DEPARTMENT OF REVENUE

Richard D. Zeng
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-17-77

FISCAL NOTE

AMENDED

Form BD-15

compliance with a written request received March 28, 19 77, there is hereby submitted a Fiscal Note for House Bill 728 AMENDED pursuant to Chapter 53, Session Laws - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Department of Administration, Budget Bureau, to members of the Legislative Assembly upon request.

DESCRIPTION

This bill provides for an income tax exemption for parents of a dependent child with a handicap; and provides an immediate effective date.

ASSUMPTIONS

Income tax collections: FY 78 \$123.732M, FY 79 \$140.093M
Effectively the bill would increase the exemption for each handicapped dependent by \$650.
The present effective tax rate on the dollars being exempted under this bill has between 3.5% and 5.0%.
Administrative costs will be unchanged.
The definition of "handicapped" under the amended bill is somewhat broader than that of the original bill. It is not known precisely how many individuals might be within the purview of the new definition. It is estimated, for purposes of this note, that about (2% of 300,000 = 6,000).

IMPACT

Loss in Income Tax Revenue each year: \$136,500 - \$195,000

Maximum loss 0.15% FY 1977, 0.139% FY 1978

LONG-RANGE EFFECTS

Revenue losses will run to approximately the same levels during subsequent fiscal years.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drury for
CHIEF, BUDGET BUREAU

Department of Administration

Date: 3-29-77

those reappraisals are completed, 40 mills would raise a great deal of money but it should not exceed what the Legislature deems necessary to fund public schools. When school districts establish the amount of money necessary for their operation for the year; and when reappraisals are complete, there will be enough millage applied to bring in just that much money. If this isn't done, the 40 mill levy will apply on the new valuations and the tax will be greatly raised. The Legislature figures out how much money it needs for schools, then a tax is applied to reach that figure.

S. Keith Anderson, Montana Taxpayers Association, Helena, says HB 699 guarantees a floating levy on the statutes. If the Legislature passes a higher levy, it can be applied to new reappraisals. He recommends amendments. See his testimony. This bill would allow you to go under 40 mills, but not over.

Rep. Marks recommends adoption of the amendments proposed by Mr. Anderson. The school foundation program would be fully funded even if the Legislature did not allocate any other funds; this would make for a very large mill levy on property since the program would be funded.

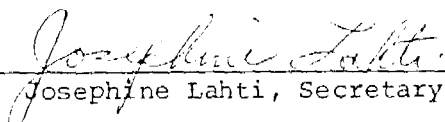
Rep. Vincent, District #78, Bozeman, sponsor of HB 728, explained this bill. It would allow a family with a handicapped child living at home a deduction of \$1,000 off their income tax return. If the child is not in a state institution, the state does not have to pay for his care, and as an incentive to keep that child home, this might be a good approach. He suggested a \$1,500 deduction instead of the proposed \$1,000 exemption. Page 2, line 3, section 3(g) might need some clarification. This bill could save the state some money in the long run, and it might be better for the well-being of the child. In response to Rep. Williams question of whether consideration had been made on an income limitation figure, Rep. Vincent said he would have no objection to setting an income limitation.

The committee recessed to an executive session.

HOUSE BILL 743 - Rep. Fabrega moved to recommend HB 743 DO PASS. Motion carried with a 10-3 vote. Reps. Huennekens, Harrington, Hirsch, Lien were absent.

Meeting adjourned at 10:30 a.m.


REP. HERB HUENNEKENS, CHAIRMAN


Josephine Lahti, Secretary

A man with no cattle on assessment day, but who had cattle during the previous year is not liable for taxes on the cattle as long as he is really out of the cattle business.

Mr. Burr, DOR, explained the intent of HB 755 is to clean up assessment of the stock belonging to a fellow who sells his cattle by January 1. There was a great deal of discussion on this bill.

Rep. W. Jay Fabrega, District #44, Cascade County, sponsor of House Bills 616 and 617, advised these bills address a problem wherein the assessor wanted to tax land outside cemetery fences. There is a need for clarification of laws pertaining to lands owned by cemeteries free of taxes. House
HOUSE BILLS Bill 616 clarifies the tax-exempt status of nonprofit cemetery associations.

616

and

617

House Bill 617 specifically exempts from all property taxation the real and personal property owned by nonprofit cemetery associations.

Mr. Burr, DOR, advised that the law reads that anything owned by cemeteries that is not being used for burial is not taxable. The cemeteries are handled through a board of trustees.

The committee recessed to an executive session.

Rep. Fagg moved that HOUSE BILLS 616 and 617 DO PASS. This motion was unanimously approved.

HOUSE BILL 527 - Rep. Williams moved that the amendments be adopted as proposed. Rep. Sivertsen moved that in amendment #4, the "limited number" of years be changed to the "specified number". Rep. Fagg moved that "impose the fee" in amendment #5 be deleted. The amendments as amended were adopted unanimously. Rep. Williams moved that HB 527 AS AMENDED DO PASS. They were unanimously adopted. Amendments may be found in Standing Committee Reports in Book #1.

HOUSE BILL 699 - Rep. Fagg moved that HB 699 DO PASS. Rep. Bertelsen moved the proposed amendments be adopted. Adoption was unanimous. So HOUSE BILL 699 was recommended DO PASS AS AMENDED, and the vote was unanimously in favor.

HOUSE BILL 151 - Rep. John Vincent moved that HB 151 DO PASS. Rep. Vincent moved amendments 1, 3 and 4 of the proposed amendments be approved. All members were in favor. So HB 151 AS AMENDED DO PASS recommendation was adopted.

House Bill 728 - Rep. Fagg moved that HB 728 Do Pass. Rep. Vincent moved to amend by striking on page 1, section 1, line 13 "\$1,000", and inserting "twice the exemption for dependents". These amendments were adopted by all members. A motion that wherever "child" appears, the word "dependent" be inserted. This House Bill will be studied by Terry Cohea and amendments written in accordance with the committee's recommendations. Further consideration of HB 728 will be taken.

Meeting adjourned at 10:00 a.m.

Josephine Letty, Secretary

Herb Huennekens
REP. HERB HUENNEKENS, CHAIRMAN

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 13, 1977

The sixty-ninth meeting of the Taxation Committee was held on the above date in Room 415 of the State Capitol Building, called to order by Chairman Mathers.

ROLL CALL: Roll call found all the members present.

The following witnesses were present:

Tom Stoll	Dept. of Revenue
Wm. Groff	"
Ray Dore	"
Dennis Burr	"
Hugh P. McElwain	National Gd. Assoc.
John F. Walsh Jr.	Nat'l. Gr. Assoc.
Ed Nelson	Mont. Taxpayers Assoc.
Harry W. Thode	Dept. Military Affairs
Zack Stevens	Farm Bureau
Tom Winsor	Mont. C. of C.
Bill Asher	Agri. Preserv. Assoc.

CONSIDERATION OF HOUSE BILL 728: Rep. Vincent, Dist. 78, said this bill had received a 99 to 1 vote in the House. He said it provided a double exemption for parents of a handicapped child. He felt there was justification for the bill and he believed that most parents spend more to maintain that child in the home than if he were normal, therefore he felt they should be compensated in a small way. He noted that if the child were placed in an institution, cost would be considerably higher, and he felt this bill would assist them financially. He said the bill provided for a documentation to the Department of Revenue by a licensed physician attesting to the fact the child is handicapped. He called attention to the Fiscal Note and said he believed it was not right.

Mr. Groff said he was not opposing the bill but believed it should be tightened up to conform with the Federal statutes, to specify the term 'handicapped' for the purposes of the exemption. It was pointed out the Federal laws allow percentages of disability in order to receive benefits. The question of those who are blind being included was mentioned, as they now have a double exemption.

Rep. Vincent in closing said he believed the committee understood his intent and if they chose to tighten the bill insofar as definitions of handicapped were concerned, he would not object to such changes. There followed several questions of Sen. (Dr.) Norman concerning degrees or percentages of handicap and the committee elected to hold the bill for further discussion.

ROLL CALL

SENATE TAXATION COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 4/13/77

NAME	PRESENT	ABSENT	EXCUSED
SEN. WATT	✓		
SEN. BROWN	✓		
SEN. GOODOVER	✓		
SEN. HEALY	✓		
SEN. MANNING	✓		
SEN. NORMAN	✓		
SEN. ROSKIE	✓		
SEN. TOWE	✓		
SEN. TURNAGE	✓		
CHAIRMAN MATHERS	✓		

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 14, 1977

The seventieth meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Mathers at 8:10 a.m.

ROLL CALL: Roll call found all of the members present.

CONSIDERATION OF HOUSE BILL 779: Ted Doney of the Department of Natural Resources presented the bill in the absence of the sponsor, as the bill was at the request of the Department. He said the bill's main thrust is on page 4, line 9, where it specifies that it appropriates money to the Board of Natural Resources to make loans from the renewable resources program. He said the remainder of the bill is a cleanup of existing language. He continued, saying this bill will limit the amount of money the board can loan out to \$5 million; without the bill the board can loan out all of the money in the act.

The Chairman called then for other proponents or opponets and there being none, permitted questions from the committee. Following this discussion the committee agreed to move the bill.

DISPOSITION: Sen. Towe Moved HB779 Be Concurred In. The motion carried with Sens. Goodover, Roskie and Mathers casting "No" votes.

The committee then took up HB737, previously heard by them and following discussion of the bill, took action on it.

Sen. Towe Moved to Adopt the amendments, see committee report attached. The motion carried unanimously.

DISPOSITION: Sen. Towe then Moved HB737 As Amended, Be Concurred In. The motion was carried unanimously.

Following this, the committee then addressed themselves to HB728 and discussed some proposed amendments.

Sen. Watt Moved Adoption of two amendments, see committee report attached; motion carried. Sen. Towe Moved Adoption of an effective date; motion carried unanimously.

DISPOSITION: Sen. Watt Moved HB728 As Amended, Be Concurred In. The motion carried unanimously.

Next up for consideration was HB630. Sen. Turnage introduced amendments as on Exh. #1, attached. There followed discussion of these amendments.

Sen. Roskie then addressed the committee and explained the amendments he favored for the bill. Copies of the bill, with the

April 14

19 77

MR. PRESIDENTWe, your committee on TAXATIONhaving had under consideration HOUSE Bill No. 723Respectfully report as follows: That HOUSE Bill No. 728,

third reading bill, be amended as follows:

1. Amend page 1, section 1, line 20.

Following: "HAVE A"Insert: "permanent"

2. Amend page 1, section 1, line 21 through line 9, page 2.

Following: "IT"

Strike: remainder of line 20 page 1 through line 9 on page 2 in their entirety

Insert: "constitutes not less than 50% disability to the body as a whole. An exemption may be allowed for a dependent with a permanent handicap after he reaches the age of majority if he continues to be a dependent."

3. Amend page 2, section 2, lines 15 through 17.

Following: "HANDICAP"

Strike: remainder of line 15 through line 17 in their entirety

Insert: "qualifies under section 1 herein."

4. Amend page 2, line 17.

Following: line 17.DEPASS Insert: "Section 3. Effective date. This act applies to taxable years beginning after December 31, 1976."

AND AS SO AMENDED,

BE CONCURRED IN

HOUSE BILL NO. 728

INTRODUCED BY VINCENT, ESTENSON

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN INCOME TAX EXEMPTION FOR PARENTS OF A DEPENDENT CHILD WITH A HANDICAP ~~AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. There is a new R.C.M. section numbered 84-4910.1 that reads as follows:

84-4910.1. Additional exemption for a DEPENDENT child with handicap. (1) In lieu of the exemption in 84-4910(3)(e), an exemption of ~~\$1,000~~ FOR TWICE THE AMOUNT ALLOWED FOR DEPENDENTS shall be allowed for taxable years beginning after December 31, 1976, for each DEPENDENT child with a handicap.

(2) In order to be eligible for the exemption, a DEPENDENT child with a handicap must, for the taxable year of the taxpayer, have as his principal place of abode the home of the taxpayer, AND HAVE A PERMANENT HANDICAP OF GREAT ENOUGH SEVERITY THAT IT SIGNIFICANTLY REDUCES HIS ABILITY TO FUNCTION NORMALLY. A DEPENDENT CHILD OF ANY AGE WITH A HANDICAP MAY BE ELIGIBLE FOR THIS EXEMPTION.

~~(3) For the purposes of this section the term "child with a handicap" means a child who is~~

~~(a) developmentally disabled as defined in 30-1202(4);~~
~~(b) a victim of polio;~~
~~(c) a victim of muscular dystrophy;~~
~~(d) blind;~~
~~(e) deaf;~~
~~(f) physically malformed HANICAPPED; or~~
~~(g) afflicted with any other condition which impairs the child's physical or mental capacity as certified by a licensed physician.~~ CONSTITUTES NOT LESS THAN 50% DISABILITY TO THE BODY AS A WHOLE. AN EXEMPTION MAY BE ALLOWED FOR A DEPENDENT WITH A PERMANENT HANDICAP AFTER HE REACHES THE AGE OF MAJORITY IF HE CONTINUES TO BE A DEPENDENT.

~~SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON ITS PASSAGE AND APPROVAL.~~

SECTION 2. PHYSICIAN'S VERIFICATION OF HANDICAP REQUIRE. A TAXPAYER CLAIMING THE EXEMPTION PROVIDED FOR IN 84-4910.1 MUST PROVIDE WITH HIS INCOME TAX STATEMENT WRITTEN DOCUMENTATION BY A LICENSED PHYSICIAN THAT THE HANDICAP IS OF GREAT ENOUGH SEVERITY THAT IT SIGNIFICANTLY REDUCES THE DEPENDENT CHILD'S ABILITY TO FUNCTION NORMALLY. QUALIFIES UNDER SECTION 1 HEREIN.

SECTION 3. EFFECTIVE DATE. THIS ACT APPLIES TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1976.

-End-